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## Making the Space-Economy of Socialist Hungary: The Significance of the Division of Labor<sup>1</sup>

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**Abstract:** This article discusses in detail how the division of labor at different spatial scales has been an important line of argument in both economic geography and spatial planning in Hungary since 1945. First, I outline the intellectual heritage of interwar geography, and show how the role of different landscapes in the national division of labor was regarded as a distinctive feature. Second, I discuss different ways of thinking about spatial divisions of labor after 1945. I draw a distinction between neoclassical and Marxist ways of theorizing, and their differences in the Western and Eastern European (Hungarian) contexts, respectively. Third, to emphasize the national scale in the argument, I contrast spatial divisions of labor at supra- and sub-national scales with that of the national scale, and point to the inherent theoretical tensions within socialist scholarship in economic geography. I conclude by showing how scholars under socialism used the concept of the spatial divisions of labor in discussing the future of the nation, and how overcoming this kind of reasoning might be built upon in order to understand the current embeddedness of the Hungarian economy within the spatial order of the world economy.

**Keywords:** *Division of Labor, Hungary, Nation, Economic Geography, Marxism*

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Most studies on the history of social sciences in Hungary after 1945 discuss the theoretical change of focus *away* from the concept of nation. In economic geography, in particular, scholars have shown that a powerful internationalization took place after the Second World War, as researchers following Soviet scientific doctrines were given important positions in the rearranged institutional hierarchy (Czirfusz 2010, Györi and Gyuris 2012, Gyuris and Györi 2013). These accounts analyze how the scientific field (Bourdieu 2004) changed after 1945, focusing especially on how the scientific positions of scholars changed as a result not only of “internal” and “external” forces, but also because of their struggles over scientific capital (that is, the recognition they received). Notwithstanding the usefulness of this line of argument in analyzing some paradigmatic shifts, this article follows a different approach, and presents three main arguments. The first is that the concept of “nation” did not disappear from scientific discussions after 1945, but rather was refigured in that period. The second is that a simple Sovietization narrative is not helpful in understanding how economic geographers wrote about the space-economy, as Hungary was re-embedded in the new international Cold War spatial order of the economy. The third argument, which follows from this latter point, is that, regarding the concept of the nation, there is a certain continuity rather than a discontinuity in scientific ideas following the Second World War.

The present article also discusses in detail how the division of labor on different spatial scales remained an important line of argument in both economic geography and spatial planning in Hungary after 1945. That is, for both social scientists and planners, it was an ever-present task to allocate economic activities across space, and to find the optimal locations for certain industries and units of production in the national economy. In this sense, the “nation” has been a useful—and indeed inevitable—category required to solve this optimization task. Nevertheless, spatial organization of production took place on different spatial scales; thus, both the international embeddedness of the economy and the subnational division of labor had to be thought about in this narrative.

The article is structured as follows. First, in order to better understand and appreciate the socialist era, I begin by outlining the intellectual heritage of the interwar period, and show how the role of different parts of the country in the national division of labor was regarded as a distinctive feature of these landscapes. Second, I discuss the different ways of thinking that existed with respect to ideas about the divisions of labor in spatial terms after 1945. This part draws a distinction between neoclassical and Marxist ways of theorizing, and reflects on their differences in the Western and Eastern European contexts. Third, in order to emphasize the importance of the national scale in the argument, I juxtapose the spatial divisions of labor at supra- and sub-national scales with that of the national scale, making reference to the inherent theoretical tensions in this historical period. The conclusion shows how scholars under socialism used the concept of the spatial divisions of labor in discussing the future of the nation, and how this kind of reasoning might or might not be built upon in order to better understand the current embeddedness of the Hungarian economy in the spatial order of the world economy.

### **Vidalian Geographies and Labor: The Interwar Period**

A critical examination of the intellectual heritage of interwar Hungarian geography, and in particular of the lingering relationship between nature, labor, landscape, and nation, is crucial in order to understand that the notion of spatial divisions of labor was not a completely new geographical concept under socialism. In fact, it had long been significant both in the formation of geography as a discipline and spatial planning as an everyday practice.

The interwar period of Hungarian geography built strongly upon the then-current French school of geography represented by Paul Vidal de la Blache. This Vidalian understanding of geography put emphasis on the interrelationship between "man" and nature in the formation of economic landscapes. According to Vidalian thinking, the framing of the nation occurred as a consequence of collective human action (Gregory 1994: 39–42). In his seminal book *Táj és ember* ['Landscape and Man'], one of the leading Hungarian geographers of the time, Tibor Mendöl (for an overview of his work see Györi 2009), conceptualized the historical development of this relationship as follows (Mendöl 1932). Originally, each landscape in which communities live are economically organized as autarchic ones; that is, they produce everything they need in order to sustain themselves without exporting or importing goods from other places. As a result, a division of labor between individuals is established within the landscape, and each landscape is a complete whole in itself. For Mendöl, a significant change begins to take place as the population increases; humankind "grows into" the surrounding landscape, and following this shift, landscapes as units of the economy become specialized for the production of certain goods. This specialization occurs following a choice made by the people themselves; natural endowments offer different possibilities for specialization, from which local communities might change more or less freely. This kind of understanding is thus called possibilism in the geographical literature.

Scholars have shown how this conceptualization was inherently linked to the nationalist discourse both in Hungary and elsewhere. In France, for example, the Vidalian way of thinking manifested itself in a nationalist ideology rooted in a conceptualization of the nation's spatial foundations, one in which the harmony of the French territory was regarded as being permanent (Gregory 1994: 42). The same applies for Germany, and also for Hungary (amongst other countries), with the difference that the territorial claims of these countries were of an ethno-political nature. It was not human action in general which constructed nations as territorial units, but rather specific ethnic groups (Keményfi 2011: 124).

Less discussed in the literature is the fact that this geographical imagination was highly economic. Drawing on Vidalian geography, geographers of the interwar period deduced that the "new" Europe as it was constructed at Versailles would lead to a more integrated European economy, especially if trade barriers were lifted, and nation-states as economic units were somewhat abandoned (Heffernan 2007b: 44–50). Yet, the internal tensions and struggles that were part of these transformations—ones described by Mendöl and envisaged by interwar French geographers—are less present in these accounts (see for example Gregory 1994: 44). More emphasis needs to be put on economic history and the history of economic thought if we aim to

understand why this very specific economic geographical understanding blossomed in this period.

First, the interwar years were crucial to the birth of neoclassical economic theory. Economists dwelt extensively on economic governance, on central planning of the economy in order to achieve equilibrium in the national economy, and on the critique of Keynesian state interventions (Bockman and Eyal 2002). With this change in mind, it is not exceptional that French geographers favored an economic line of argumentation, mixed with the basic assumptions of Vidalian thought.

Second, the end of the interwar period is marked by the crisis of the "concert of Europe"—the heyday of liberal self-regulating markets, based on an international monetary system tied to the gold standard (Polanyi 1975)—in which Europe as an imagined geographical construct served as a guarantor of nation states (Heffernan 2007a: 26). The 1930s gave rise to a new systemic cycle of accumulation in which hegemony shifted from Britain to the United States in the world economy. This era also witnessed a crisis of European nation-states given that the new center, the United States, was a continent-sized state (Arrighi 2000). It was within this context that Hungary also attempted to re-arrange its place within the international division of labor, including the decision to reorient the country, and especially its agricultural products, towards German markets. At the macro-regional level, this move is regarded as the beginning of the incorporation of Southeast European countries into the German *Lebensraum*, a development that resulted in a new dependent relationship between the European core and the European semi-periphery (Berend and Ránki 1961).

Hungarian geographers, however, were more interested in the re-arrangement of the national economy within the Carpathian basin. Since the signing of the Treaty of Trianon in 1920, geographers engaged in studies that were used to make claims that underlined the unity of the old Hungarian kingdom that had officially ceased to exist after the First World War (Krasznai 2003). From the literature of this time, I discuss in detail one work, *Magyar föld, magyar faj* ['Hungarian Soil, Hungarian Race'], the second volume of which elaborates the crucial role human labor played in formulating this Carpathian unity.

Written by the geographer Gyula Prinz (with contributions by Pál Teleki), the second volume of the four-volume *Magyar föld, magyar faj* was published in 1936 with the title *A magyar munka földrajza* ['Geography of Hungarian Work']. The preface introduces the linkage between nation, homeland, nature, and human labor:

The concept of homeland is not solely an intellectual concept. It is a space with contents, a soil in which lifestyle is rooted. With this in mind take this book in your hands and read its chapters, as the homeland of the Hungarians is taking shape, before the eyes of the reader, from the raw landscape itself. The contents of our book illustrate the *work* of the peoples of our country who have given shape to the landscape. They are the ones who, on the natural stage discussed in the first volume, have given the land its colors

and contours, and who have given shape to the face of our homeland (Prinz and Teleki 1936: 16–17, emphasis in the original).

*[A haza fogalma nem csupán eszmei fogalom. Oly tér az, amelynek tartalma van, oly talaj, amelyben életforma gyökerezik. Ezzel a gondolattal vegyük kezünkbe e könyvet és olvassuk fejezeteit, amint azokban a nyerstájból kialakul az olvasó előtt a magyar ember hazája. Könyvünk tartalma az ország népeinek az a munkája, amely az első kötetben tárgyalt természeti színpadon színeiben és vonalaiban új táji arculatot teremtett, a haza arculatát.]*

The so-called labor geography in this account is more-or-less synonymous with cultural geography. The difference is that Prinz and Teleki placed emphasis on how landscapes are materially reshaped through human labor; they do not limit their discussion to the immaterialities of culture. Research on labor geography is largely very similar to the approach by Mendöl (and Vidal) outlined above, as it emphasizes the basic principle that landscapes are embellished by human work, and that different layers of these transformations in different eras can be traced by geographers. For Prinz and Teleki, development in the Carpathian basin was a result of the embourgeoisement of the society, rather than a more general process of civilization (Prinz and Teleki 1936: 42).

In this understanding, national claims in the Carpathian basin have been based on the following economic logic. Hungarians have invested in the landscape through their work in the past centuries. As all investment is the property of who made that investment, parts of historical Hungary lost as a result of the peace talks held after the First World War should be the possession of Hungarians (Prinz and Teleki 1936: 428). The interesting part in this line of argument is that—apart from the culturally based interpretation of property—an underlying capitalist logic was used to interpret historical processes, ones that mainly took place under Eastern European feudalism (modern capitalist development in Hungary only unfolded in the second half of the nineteenth century).

As we have seen, the concept of human labor was already present in geographical discussions before 1945. In the interwar period, geographers coupled the idea of labor as an analytical category with the concept of a nation-state with fixed economic borders, and with cultural modes of argumentation. As Michael Heffernan puts it, “[b]efore 1945, the idea of European unity was discussed and legitimized in sweeping cultural terms; after 1945, the same idea was more readily expressed in the practical, managerial language of trade, commerce, economics and security [in Western Europe]” (Heffernan 2007c: 9). The next parts of this article will show how Eastern Europe under socialism experienced exactly the same change.

### **Spatial Divisions of Labor: Ways of Thinking**

Though this section conceptualizes spatial divisions of labor, it is not my aim here to present a full account of the historical development of the term. Instead, twofold distinctions are made between Western (Anglo-American) and Eastern European contexts, as well as between neoclassical and Marxist/socialist theorizing.

In the Western neoclassical tradition, the idea of spatial division of labor (and production) has been at the core of location theory since its emergence in the early 1800s. The mission of this school has been to find economic laws that explain why economic activities concentrate over space, and how firms decide on where to locate their production. Most recently, it has been Paul Krugman's so-called "new economic geography" which has exposed this theoretical heritage, modeling the spatial structures of economic activities and their changes over time. Krugman conceives spatially uneven development as the outcome of increasing returns and imperfect competition in the economy. This means that, as firms grow, it will be more and more profitable for them to concentrate all of their activities in one place, and to not split it up spatially between several production units. Imperfect competition, from the perspective of workers, is underlined by the fact that people's free mobility is constrained, given that, for various reasons, they might not be able to move from their actual place of residence. As a result, economic activities and jobs concentrate in sub-national units of the economy that are typically specialized in terms of the production of certain goods or services (Krugman 1991).

Krugman's ideas were a novelty for most economists, because they questioned basic assumptions of neoclassical economics—constant returns and perfect competition *inter alia*. However, this understanding of the spatial economy was later integrated into policy practice at different geographical scales. For example, at the international scale, the World Bank's 2009 World Development Report, subtitled "Reshaping Economic Geography" popularized this understanding, one that economic geographers debated and criticized not only for its oversimplified assumptions, but also because of its celebration of spatial unevenness (see for example Rigg et al. 2009).

How neoclassical economists think about economic activities across space had parallels in the Eastern bloc after the Second World War. Perhaps ironically, the Hungarian neoclassical tradition was present in socialist times, as location theory offered meaningful tools for socialist central planning to allocate economic resources spatially. The importance of this school, however, was different during the decades after 1945. Burdens of strict central planning, rapid industrialization, and import substituting economic policy became evident in the first years of the 1950s, thereby steps were taken to reform the economy. This paved the way for economic liberalization and the economic reforms in 1968. Reforms did not change the semi-peripheral position of Hungary in the world system—indeed, following the world economic crisis in the 1970s the country's position became even worse (Éber et al. 2014)—but there had been technocratic thinking on how to reform the national economy internally. For technocratic spatial planners, who built upon economic expertise from Western scholars as well (Bockman and Eyal 2002), the task was to organize more effective spatial planning; to reach the highest possible economic value, in other words, with given economic inputs and investments. This kind of

spatial planning also strove to have less disproportionalities in the spatial division of labor within the country; that is, all Hungarian counties would have more or less the same economic structure, with the same industries operating in these territories. In terms of the national economy, effectiveness was judged according to the extent to which the most dynamic industries dominated at both the national and county level (Zoltán 1980: 16).

From the 1970s on, the Marxist critique in Western social sciences (and economic geography within that) became prominent. This critique has given rise to a different understanding of geographical unevenness when compared to the neoclassical tradition. According to Marxist critics in the West, spatial divisions of labor were regarded as a consequence of the capitalist mode of production (see, among others, Massey 1995). In particular, the rapid development of a particular area under capitalism leads to conditions which may be favorable to local inhabitants (for example, lower unemployment rates, rising wages and rents), but that ultimately render this place less attractive to future investments. Contrary to Krugman, economic returns diminish over time. As a result, capitalists seek new regions in order to maximize the profits on their investments, thereby creating a spatial shift within the division of labor; former industrial regions decline, while others emerge. Alternatively, capitalists postpone investments into the future by investing into the built environment or raising social expenditures (Harvey 1978: 103–108). Spatial unevenness in the capitalist economy is thus the “normal” way of its operation.

In the Hungarian economic geography literature produced under socialism, the Marxist way of theorizing was very different from its Western counterpart (for an overview that also discusses the uneasy labeling of this approach see Timár 2009). Ideological variants of this understanding were dominant in the 1950s (Marxism-Leninism was an ideological weapon deployed against the generation of interwar scholars in academia; see Péteri 1998), but these ideological approaches lost their importance during the technocratic turn in socialist thinking and planning that began in the second half of the 1960s. Hungarian economic geographers in the 1950s conceived of spatial divisions of labor as developing under capitalism in a spontaneous and anarchic way. Simply put, they argued that there is no central planning of the capitalist economy at the national level that is capable of organizing production over space. The task of socialism, therefore, was to coordinate development in a deliberate way with the help of central planning (Markos 1955: 86, 102). According to this line of argument, planning was not limited to the national scale, as national five- or three-year-plans also had “derivatives” at the sub-national (that is, the county and city) level.

The distinctions made above between the four approaches to the question of spatial divisions of labor are important for analytical reasons. What follows, then, focuses on the key similarities and differences between the Western and Hungarian Marxist evaluation of the spatial division of labor. This discussion will be partly de-contextualized, as tracing the historical development of the concept exceeds the scope of this article. Specific conditions—in particular, post-1945 political-economic change in Hungary, and the social changes in the second half of the 1960s culminating in the 1968 events in the Western world—are therefore given scant attention

here. Nevertheless, it is exactly this kind of comparative description that shows that a context-independent concept in economic geography is impossible.

One important similarity shared by the two Marxist approaches is that social divisions of labor are inherently spatial. Although classic theory by Marx only discusses the evolving social (and technical) divisions of labor under capitalism, Marxist geographers have pointed to the spatiality of this phenomenon. Spatiality here is not just an aspect through which divisions of labor might be understood, and space is not merely a stage on which divisions of labor unfold. Rather, for the majority of geographers, there is a dialectical relationship between the social and the spatial. For one of the key theorists, Doreen Massey, "[t]hese are not just social divisions of labour distributed over space; the form of social division is itself influenced by the fact that it is distributed over space" (Massey 1985: 15–16). Massey's understanding can be traced back to the blossoming of Western structural Marxism that was taking place in the 1960s and 1970s (Massey et al. 2009: 403–404). By contrast, a similar understanding is completely missing from the discussions in Hungary in the 1950s. For Hungarian economic geography at that time, space was only absolute space, a grid of latitudes and longitudes on which economic activities take place. The allocation of economic activities over (physical) space had become the main task for spatial planners, and economic geographers helped in these efforts by providing detailed descriptions of the spatial allocation of production forces (Markos 1955: 33). From the perspective of this article, this understanding had more in common with neoclassical economic geography based on the absolute geographical space of latitudes and longitudes, rather than the relational understanding of Marxist geographies in the Western world which concentrated on how economic structures of one place can only be understood in relation to economic structures of other places (see Czirfusz 2012: 56). Spatial planning under socialism was essentially a spatial projection of the national economic plan (Markos, 1955: 391), with the concept of nation remaining crucial in framing economic discussions. The difference between the interwar period and socialism was reflected by a change of term: instead of *nemzetgazdaság* ['national economy'] the term *népgazdaság* ['peoples' economy'] was used.

A second important similarity between Western and Hungarian Marxist approaches is tied to the idea that spatial divisions of labor are a consequence of capitalist development. How this process was understood, however, was different in Western and Hungarian Marxist literature. Since the 1970s, Marxist economic geographers in the West have established a general theory about how capitalist development is spatially uneven. David Harvey, for example, "spatialized" Marx's labor theory of value, and showed that it is the *logic* of capital that produces historical and current unevenness between different spaces and places at different geographical scales, both internationally and within countries or cities (Harvey 2009). Hungarian economic geographers during socialism, on the contrary, evaluated this kind of capitalist economic development as being spontaneous, anarchic, and even *irrational* (Kolta 1954: 199, Markos 1951: 388–390). Hungarian accounts also stress the uneven allocation of the means of production, and not the production process *per se* as in the Western literature. The reason for the difference between the Western and Hungarian Marxist accounts might be an ideological one. If capitalist development is irrational, one can contrast it with the rationality of socialist planning.



Spatial development under socialism aims at eradicating spatial inequalities, and overcoming spontaneity (Kolta 1954: 199). The spatial plan was determined by the desire to "find the *right* spatial division of labor" (Markos 1951: 391, emphasis in the original), rather than by the profit interests of capitalism.

Nevertheless, the scientific texts did not offer any economic reasoning as to how this "rightness" is to be understood, or how this socialist development was different if we consider the inner workings of the economy. The difference was largely ideological, and when it came to the description of economic processes, the same capitalist mechanisms were at the core of the argument. Hungarian geographers argued that, by a more efficient use of the means of production, as well as by growing productivity, the right distribution would be reached in the national economy (Markos 1951: 396). What these considerations tell us about histories of economic thought is the same that Bockman and Eyal show in their paper (2002). Ideas about the economy are formulated within a complex (and mutual) exchange of ideas between Western and Eastern European national contexts; the same scientific arguments about the inner-workings of the economy might be mobilized for different purposes in different times and spaces. This was certainly true for socialist economic geography as well.

The third and final aspect to be discussed is the relationship between physical-geographical features of certain countries and regions, and their positions in the spatial division of labor. For the Hungarian Marxist geographer György Markos, it was "geographical vulgarity" to consider physical-geographical characteristics as absolute and unalterable. It is always the social position of a region, he argued, which defines which industries are to be allocated where, and what roles regions will play in the national division of labor (Markos 1951: 395–396). Once again, historical-geographical contexts were of great significance to the birth of this approach. On the one hand, the 1950s was marked by the beginning of an almost complete change in geographical scholarship: followers of the "bourgeois" tradition of Vidalian geography were laid off, or simply pushed to the institutional periphery. For Vidalian geographers, human civilization was to be explained by physical-geographical conditions (for example, by climate, soil, and land surface). The new socialist geography in Hungary chose another theoretical explanation for arguing effectively against this tradition: Soviet geography emphasized both in theory and practice (by large-scale water management projects, for example) how humankind is independent of physical geographical features (see Győri and Gyuris 2012). This understanding of socialist economic geography was debated intensely by technocratic economic geographers in Hungary from the 1970s. In Zoltán Zoltán's "dynamic economic geographical" account, ideas by Markos in the 1950s were simply social deterministic, as they were obliterating nature, and thus physical geography, from their explanations (Zoltán 1979).

Western Marxist literature in later decades re-interpreted the relationship between society and nature from the perspective of spatial divisions of labor. One of the key theorists, Neil Smith, conceived of the fusion of space and society in the production of nature (Smith 1990). In a later account, Don Mitchell made considerable contributions to scholarship by showing how different landscapes are themselves a product of labor. His study of the Californian landscape,

for example, shows how, through their collective effort, human actors have established the current visual and material realities of these landscapes, and how landscapes embody reified social relations (Mitchell 1996). These accounts have moved scholarship forward by providing for a very different view of spatial divisions of labor by incorporating nature into the discussion, and by also offering a way to achieve a fuller picture of recent capitalist development in different regions of the world.

Despite the approach, different accounts of the spatial divisions of labor in economic geographical scholarship have maintained the nation as an important descriptive category in the economy. The nation, moreover, did not disappear from scholarship under socialism, but was rethought as a framework for analyzing and understanding the new realities of the socialist space-economy. This, however, does not mean that the nation as a concept was solely a tool for delineating the extent of the economy. It is beyond question, in fact, that the nation served as an ideological weapon in the interwar period. The next section builds on this idea by showing the importance of the national scale relative to other geographical scales in understanding divisions of labor.

### **Scales of the Division of Labor under Hungarian Socialism**

Beginning in the 1950s, theoretical discussions in economic geography began to focus on the relevance of spatial scales in the division of labor. The central question was how to define the relationship between national level economic planning (manifested in three- and five-year plans) and sub-national economic planning. Further important considerations revolved around Hungary's role in the international division of labor (such as within Comecon), as well as around the planning of production at the level of industrial units and its relationship with national level planning.

Planning at the level of industrial units has never been the focus of economic geographers, as this realm was mostly left to economists. In fact, Markos criticized location theory exactly because it dealt with a single plant producing goods that, for him, was not a meaningful analytical category for organizing production over space (Markos 1955: 105). Economic reforms in Hungary in 1968 had a twofold impact on the relevance of industrial units. To start, the liberalization of the economy (which was backed by the managers of large manufacturing companies) meant that central planning stepped back from the direct governance of those companies (Éber et al. 2014). Thus, economic geographers were also less interested in enterprises as individual units of spatial research. Beyond this, however, the organization of production between companies' several locations gained importance, as labor shortages became evident already in the 1970s. This meant that, within a particular firm, the national economy was conceived of spatially (see Barta 2002).

International divisions of labor remained a significant focus of scholarship within Hungarian economic geography, although new players also emerged in the scientific field, such as the Institute of World Economics at the Hungarian Academy of Sciences. The research of "world economists" reified the importance of the national economy: such economic research has largely conceived of the world economy as consisting of national economies that are separate,

bounded entities, and has been interested in how these entities interact in the global economy. Such an approach offers a simplified view of the working of the world economy, disregarding other geographical scales. In economic geography, national economies were similarly conceived of as basic units of the international division of labor (Sárfalvi 1971), and writings already in the 1950s lamented the assumed difference between the socialist and the capitalist order of the international division of labor.

Nevertheless, these accounts have fallen short of understanding the inner workings of the world economy. For example, Markos envisaged that, in the socialist order of an international division of labor, colonies and half-colonies that had been subordinated until then would be on a par with core countries. In his vision, the new economic order would feature equal rights for countries. The international division of labor would be organized rationally, as countries would produce goods that are the most beneficial for them. He also stated that exchange values would prevail in this order, and would be manifested in prices defined by international trade (Markos 1955: 92–93, 103). It is advisable to read these passages against Krugman's neoclassical ideas on the working of international trade. In Krugman's world, each country or region is specialized, producing its "beneficial" products, and by means of this a general, rational equilibrium in the world economy is achieved. He also shows how producing beneficial goods leads to further geographical concentration of the production of this good (Krugman 1991). What world system theory has shown us, however, is that this ideal state of affairs is never to be reached, because under capitalist development neither colonies nor Eastern European countries have benefited from integration into the world economy, as they have not been able to escape from their peripheral or semi-peripheral positions in the world order (Harvey 2009; Böröcz 2012; Éber et al. 2014). Hungarian economic geographers during socialism (for example Markos in his paper cited above) did not discuss in detail how uneven geographical development might be overcome (either by central planning, or by establishing an international division of labor under the auspices of international organizations, such as the Comecon).

Running parallel to efforts to find the place of the Hungarian national economy in the new socialist world order was the essential task of organizing economic production within the state for the benefit of the whole country. The system of economic planning serving both of these aims was not an easy one to discover, as one of the general questions that needed to be resolved was centered on the relationship between different geographical scales in central planning in the 1950s. Markos referred to the importance of disassembling national plans into plans of so-called economic rayons, the basic units of economic planning. That meant that spatial planning allocates production geographically after the national plan is completed (Markos 1951: 393). Arguing a position contrary to Markos, the scholar János Kolta argued for a bottom-up approach. For him, spatial planning was not subordinate to national level economic planning. Rather, "the spatial plan is a more developed form of completing the national economic plan" (Kolta 1954: 202).

The primary task of economic geographers has been to define those economic rayons that will serve as basic units of the centrally planned economy. For the scholars of Markos's time, rayons were objective entities, material realities that were shaped by spontaneous processes of

spatial divisions of labor. The job of geographers was to recognize hidden economic boundaries within the national economy, and to delineate regions with scientific methods (Markos 1951: 400). Following that, these units might have served the most rational usage of economic resources within the country (Kolta 1954: 216). Economic rayons were inherently linked to the notion of national economy. Although rayons are complex economic units on their own, they are also specialized spatial units of production from the perspective of the national economy (Markos 1951: 402–404). This homogeneity-heterogeneity problematic was a direct consequence of economic rayons as a concept applied in the Soviet Union at a much larger geographical scale that could not be easily translated to the Hungarian context where the whole country is almost the size of one economic unit in the Soviet Union. The usefulness of the analytical category of the economic rayon (and the almost synonymous term “economic district” used later on) was highly debated up until the 1980s (Bora 1960; Beluszky 1982). An analogous debate reappeared in the 1990s and early 2000s as Hungary’s pending accession to the European Union raised questions about where to draw boundaries of administrative-statistical regions for regional policy, which of course required spatial thinking.

In the wake of World War II, a significant critique was directed by socialist geographers like Markos against Vidalian geographers for the simple fact that they tied socio-economic development to physical geographical features. Although in theory socialist economic geography stressed the primary role of social structures in defining a country’s or a region’s future development, in practice the picture was more complex than this. For example, Markos’s proposition for the thirteen hypothetical rayons of Hungary (Markos 1952: 602) featured units named after physical-geographical features (such as rivers and lakes), with only a few named after cities in the heart of industrial or mining regions (Figure 1). So one can ask whether this regionalization of the national economy was really able to overcome (physical) geographical determinism and the obsession with absolute physical space defined by geographical coordinates. For what this kind of understanding fails to address is how economic relations are formulated between industrial regions or the firms of these regions. There is no opportunity to describe how agricultural products of the Kis-Alföld will reach Budapest consumers, or how some industrial activities in the Borsod–Miskolc industrial region are controlled by companies with Budapest headquarters, or why is “stormy weather” a defining characteristic in the economic structure of the *Viharsarok* [‘Storm region’].

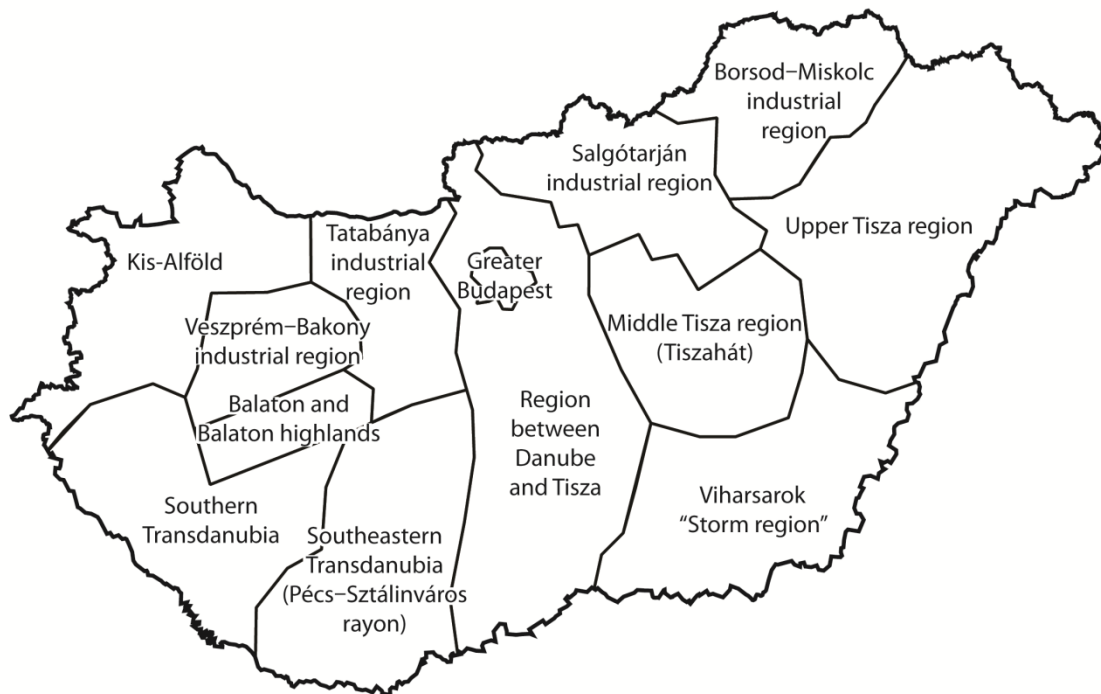


Figure 1: Hypothetical rays of György Markos (1952)  
(Map by the author based on Markos's description. Markos often used the older term "region" [vidék] to denote a rayon, which is reflected in the labeling of this map.)

Organizing production over space within Hungary also led to tensions between geographical scales (mainly between the sub-national and the national scales), and this aspect was also discussed by socialist geographers. One of the main questions was how to define the most rational way of spatially allocating different industries within the national economy. Although planning aimed at obliterating spatial disproportions, negative effects on more developed regions cannot be gainsaid. Rayons are the product of spatial divisions of labor as a historical process, and as capitalism was unfolding, both international and intra-national divisions of labor became manifest. The assumed difference between capitalist and socialist development was that socialist rayons are subordinated to the whole of the national economy (that is, the industrial structure of the rayon is defined according to the interests of the national economy), whereas, under capitalism, existing power relations and physical-geographical features define the face of economic regions (Markos 1955: 75, 82, 114). Later under socialism, as early as the late-1960s, technocrats (Kőszegi 1967, Lackó 1988) referred to the optimization problem, what I call here the scalar trap of spatial divisions of labor. Kőszegi reiterates the aim of spatial planning which is to eliminate disproportions in spatial divisions of labor (that is, excessive spatial differences). Spatial divisions of labor are proportionate if they facilitate even growth of the national economy, and secure the highest results with the lowest inputs at the national scale. However, mitigating intra-national unevenness of development in general would

contradict rationality at the scale of the national economy (Kőszegi 1967: 26–30), thus the dissolution of regional disproportionalities within the division of labor is not necessarily advantageous for the national economy (Lackó 1988). This is the scalar trap, a catch-22 of planning at different geographical scales that underlines the necessity to think both in terms of the national economy, as well as at the scale of sub-national economic units. And this scalar trap also gives proof of the added value of spatial planning vis-à-vis national level economic planning: only at the point of national level planning would there be regions and people who would not be impacted positively by the fulfillment of the plan, thus a spatial, sub-national plan has to be introduced to build a more equal society.

### **The Future of the Nation and Hungary's Embeddedness in the World Economy**

The preceding sections of this article showed how Hungarian geographers thought about the spatial divisions of labor, and the importance that they granted to the national scale in these accounts. The conclusion discusses how these Hungarian socialist geographers envisioned the future development of the nation, and what the shortcomings of these accounts are when contrasted with the Western Marxist literature on spatial divisions of labor.

In the 1952 debate on economic rayons in Hungary, Markos saw the mission of socialist economic planning as follows: "we might speed up building socialism, expand our results by locating production consciously and purposefully under current social-historical conditions and in given physical-geographical contexts" [*a szocializmus építésének ütemét meggyorsíthatjuk, eredményeinket megnövelhetjük, ha termelésünket adott társadalmi-történeti feltételek mellett és adott természeti-földrajzi környezetben tudatosan és tervszerűen helyezzük el*] (Markos 1952: 584). The spatial frame of building socialism was undoubtedly fixed to the national scale, with the ultimate goal being to catch up with Western development. Leftist critiques in the past decades pointed out why this catching-up narrative is a misunderstanding of the inner workings of globalization (Böröcz 2012); the myth of catching-up does not take into account how East and West are mutually constitutive of each other. Differences between East and West are a consequence of the economic links between the two, and the logic of these economic relations cannot be changed easily. Narrating the historical formation of spatial divisions of labor by Markos was not different from the interwar period. In fact, it was Hungary's role in the world economy that was to be altered by national level policies. Thus, speaking in national terms has been a way to express Hungary's embeddedness in global economic power relations.

At the beginning of Eastern European socialism, voices emerged that claimed a more just world order by calling for equal rights for national economies at the periphery or semi-periphery of the world system, and it was assumed that socialism could make a difference. What, however, economic geographers under Hungarian socialism failed to answer is how this different international spatial structure might be reached. Spatial planning under socialism very much used the vocabulary of neoclassical economic theory and terms such as rationality or cost-effectiveness to justify and explain the distribution of production across space. This was even more prevalent after the economic reforms of 1968, around the time technocrats took over key positions in spatial planning. From the scalar perspective a consequence was that this narrative

could not overcome the opposition between geographical evenness at the national level and the specialization of intra-national regions.

The Hungarian national-space economy was understood by early socialist economic geographers as a stage on which economic processes unfolded. It means that national space was conceived as a container of physical space (fixed by national boundaries) in which economic action takes place and in which the economy can be altered by policy-making. In the past decades, however, Western Marxist critique underwent tremendous theoretical changes which shifted its focus to relational spaces: it is social relations (Gregory and Urry 1985), power-geometries (Massey 1999), or institutions as conceived by the regulation school (Jessop 1997) which matter in the formation of multi-scalar divisions of labor, and which constantly re-define the importance of national states within that.

It is thus a misunderstanding to dismiss Marxist economic-geographical literature simply by stating that its Hungarian socialist variant failed to answer real economic-geographical questions because of its intellectual baggage stemming from the social context it was helping to shape. Notwithstanding the rupture in the history of Hungarian geography in the early 1950s, Hungarian Marxist economic geography was not simply a school forced upon Hungarian academia by Soviet colonization, nor were economic geographers merely a group of people uncritically serving the socialist system just until the collapse of the regime in 1989.

The timeliness of a reconsideration of this intellectual heritage is unquestionable. On the one hand there has been lack of vocabulary within Hungarian (and, in general, Eastern European) economic geography on how socialism "really" worked. This lack manifested itself in ideological arguments about the failures of capitalism among socialist geographers, and few examples (until today) of theoretically sound and methodologically rigorous explanations of the socialist space-economy. On the other hand, we might find alternative vocabularies in a relational understanding and in post-structural Marxist economic geographies emerging in the 1990s (Gibson-Graham 1996). These emancipatory works also rethink the basic concept of economy in order to understand and value the activities of people, which is more often than not neglected by mainstream economists or policy-makers. Through academic works like this, economic geographers could argue for a more just future, not only in general social terms, but also spatially. With these analytical weapons, Hungarian economic geographers today can aim at finding out how the national economy serves as a reference point, if we would like to understand and change Hungary's present place in the current world economic order.

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